

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

EFFECT OF SALE OF TRANSMISSION)
FACILITIES UPON WISER OIL) CASE NO. 8443
COMPANY RATES)

SHOW CAUSE ORDER

On December 19, 1980, the Energy Regulatory Commission, predecessor to the Public Service Commission, issued an Order in Case No. 8025 in which it granted Delta Natural Gas Company ("Delta") the authority to acquire certain transmission facilities owned by the Wiser Oil Company ("Wiser"). By agreement between Delta and Wiser the transmission facilities were to be transferred within 1 year after Delta's purchase of Wiser's wholly-owned subsidiary, the Peoples Gas Company ("Peoples"). Peoples was purchased by Delta on January 31, 1981.

In Case No. 8256 Delta stated that it expected to purchase the transmission facilities in January 1982 and requested that the Commission consider the acquisition cost and operating expenses associated with the facilities for rate-making purposes. In its Order in that case entered December 1, 1981, the Commission deferred this decision until the transaction was consummated.

The net book value of the transmission facilities at the date of this Order is in excess of \$1.5 million. This is a substantial portion of Wiser's net investment rate base which is

slightly in excess of \$12 million, based on Wiser's 1980 Annual Report. Moreover, with the sale of the assets to Delta, Wiser should experience a reduction in its operating expenses. Therefore, the Commission finds that a proceeding to investigate the reasonableness of Wiser's rates after the transfer should be instituted.

In order to determine the reasonableness of Wiser's rates thereafter, the Commission finds that Wiser should submit a detailed income statement, balance sheet and billing analysis covering operations for a 12-month period ending not more than 90 days prior to the contemplated date of the transfer of transmission facilities to Delta. Moreover, the Commission finds that Wiser should calculate the estimated annual reduction in operating expenses resulting from the sale of the transmission facilities and supply detailed working papers supporting the calculation.

IT IS THEREFORE ORDERED that pursuant to KRS 278.180 and KRS 278.260 Wiser Oil Company shall appear and give testimony, if any it can, why its rates should not be reduced after the transfer of transmission facilities to Delta is consummated.

IT IS FURTHER ORDERED that the record in Case No. 8025 be and it hereby is made a part of the record in this proceeding.

IT IS FURTHER ORDERED that Wiser Oil Company shall file an original and five copies of a detailed income statement, balance sheet and billing analysis for a 12-month period ending


not more than 90 days prior to the contemplated date of this transfer of the transmission facilities to Delta.

IT IS FURTHER ORDERED that Wiser Oil Company shall submit an original and five copies of the calculation of the estimated annual reduction in operating expenses resulting from the sale of the transmission facilities to Delta Natural Gas Company with detailed working papers supporting the calculation within 30 days after its consummation.

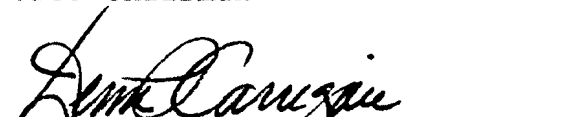
IT IS FURTHER ORDERED that this matter be and it hereby is set for hearing on the 9th day of March, 1982, at 9:00a.m. Eastern Standard Time, in the Commission's offices at Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 14th day of January, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary